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IT'SUGAR to emerge from Chapter 11 bankruptcy

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Candy retailer IT'SUGAR is slated to emerge from bankruptcy after nearly nine months of court proceedings. The Deerfield Beach-based chain is expected to finalize its Chapter 11 reorganization process by the end of July, according to a statement from the company. When it does so, Fort Lauderdale-based BBX Capital will reacquire control of IT'SUGAR. The retailer had become its own entity when BBX restructured last year.

IT'SUGAR filed for Chapter 11 bankruptcy protection in September. At the time, BBX Capital said the Covid-19 pandemic was to blame for IT'SUGAR's financial struggles. BBX Capital President Jarett Levan said tourism historically accounted for 60% of IT'SUGAR's annual sales and, at that point in the pandemic, travel was still at historic lows nationwide.

On June 11, the U.S. Bankruptcy Court for the Southern District of Florida announced its intention to confirm IT'SUGAR's reorganization plan, according to the company. The confirmation order is expected to become final within a week, which will allow IT'SUGAR to officially emerge from bankruptcy proceedings after 30 days.

As part of the reorganization plan, IT'SUGAR agreed to the following: Creditors with "allowed construction" or "mechanic's lien" claims, which are tied to construction or services conducted for the company, will be repaid in full in cash.

Those with an allowed general unsecured claim, meaning they have no priority and are not backed by a security interest, will receive a one-time payment equal to 15% of what they're owed by IT'SUGAR. Other unsecured claims won't be paid.

According to court documents, the majority of IT'SUGAR's creditors at the time of the bankruptcy filing were landlords across the U.S. Near the start of the pandemic,

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the company stated it would not be making rent payments to landlords and closed all locations. By the time IT'SUGAR filed for Chapter 11, the company had received notices of default from landlords for 49 locations. It had just over 100 stores before the pandemic.

A spokesperson for the company could not immediately specify how many locations are still open.

The reorganization plan will be funded through IT'SUGAR's cash on hand, as well as a secured exit credit facility of up to $13 million.

About 99% of ballots cast by creditors were in favor of the reorganization plan, according to a statement from BBX Capital.

Miami-based Meland Budwick, P.A. served as legal counsel to IT'SUGAR during the bankruptcy proceedings. Miami-based Stearns Weaver Miller Weissler Alhadeff & Sitterson served as legal counsel to BBX Capital.

Atlanta-based Algon Group, led by President Troy Taylor, provided restructuring advisory services to IT'SUGAR.

Read more at: https://www.bizjournals.com/southflorida/news/2021/06/15/it-sugar-to-emerge-from-chapter-11-bankruptcy.html

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